

SHELBY COUNTY, TENNESSEE
FEDERAL I.D. #62-6000841

SINGLE AUDIT REPORT
For the Year Ended June 30, 2007

TABLE OF CONTENTS

| | Page |
|--|------|
| INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> | 1 |
| INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 | 3 |
| SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS | 5 |
| NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS | 14 |
| SCHEDULE OF FINDINGS AND QUESTIONED COSTS | 15 |
| SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS | 16 |



Watkins Uiberall, PLLC
Certified Public Accountants & Financial Advisors
Independent Member of BKR International



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

To the Chairperson and Members of the
Shelby County Board of Commissioners and
Mayor of Shelby County, Tennessee

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Shelby County, Tennessee, (the "County") as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 27, 2007. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Shelby County Health Care Corporation, Agricenter International, Inc., and Shelby County Retirement System, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than **inconsequential will not be prevented or detected** by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in a separate letter dated December 27, 2007.

This report is intended solely for the information and use of the County Mayor and Commissioners, management, the audit committee, the State of Tennessee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Memphis, Tennessee
December 27, 2007

Watkins Liberiall PLLC
Banks, Finley, White & Co.



Watkins Uiberall, PLLC
Certified Public Accountants & Financial Advisors
Independent Member of BKR International



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Chairperson and Members of the
Shelby County Board of Commissioners and
Mayor of Shelby County, Tennessee

Compliance

We have audited the compliance of Shelby County, Tennessee (the "County") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Shelby County Board of Education, which received \$19,204,431 in federal awards that is not included in the schedule during the year ended June 30, 2007. Our audit, described below, did not include the operations of the Shelby County Board of Education because the component unit issues separate financial statements performed in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2007, and have issued our report thereon dated December 27, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the County Mayor and Commissioners, management, the audit committee, the State of Tennessee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Memphis Tennessee
December 27, 2007

Watkins Universal, PLLC
Brent L. White & Co.

SHELBY COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2007

| CFDA | Contract Number | Program Name | Grantor or Pass-Through Agency | Federal Expenditures Incurred |
|--------|------------------|--|---|-------------------------------------|
| 10.557 | GG-06-12319-00 | WIC Program | TN Department of Health | \$ 1,063,478 |
| 10.557 | GG-07-20478-00 | WIC Program | TN Department of Health | 2,261,587 |
| | | Total WIC Program | | <u>3,325,065</u> |
| 10.558 | 03-47-64531-00-0 | Child & Adult Care Food Program | TN Department of Human Services | 236,907 |
| 10.558 | 03-47-64531-00-0 | Child & Adult Care Food Program | TN Department of Human Services | 1,041,903 |
| | | Total CACF Program | | <u>1,278,810</u> |
| 10.565 | GG-06-11615-00 | CSFP | TN Department of Health | 143,166 |
| 10.565 | GG-07-12959-00 | CSFP | TN Department of Health | 299,119 |
| | | Total commodity supplemental food program | | <u>442,285</u> |
| 10.568 | Z-06-028679-01 | Commodities Distribution | TN Department of Agriculture | 29,966 |
| 10.568 | DG-07-02048-00 | Commodities Distribution | TN Department of Agriculture | 106,341 |
| | | Total emergency food assist. program | | <u>136,307</u> |
| 14.218 | B-02-UC-47-0002 | Community Development Block | HUD | 304,474 |
| 14.218 | B-02-UC-47-0002 | Community Development Block | HUD | 394,385 |
| 14.218 | B97-UC-47-0002 | Community Development Block | HUD | 568,199 |
| 14.218 | B03UC47002 | Community Development Block | HUD | 25,000 |
| | | Total community development block grant program | | <u>1,292,058</u> |
| 14.235 | TN37D150799 | Emergency Mental Hlth & Detox Program | HUD | 337,118 |
| 14.239 | MOU4UC470205 | Home Entitlement | HUD | 105,813 |
| 14.239 | MOU4UC470205 | Home Entitlement | HUD | 396,067 |
| 14.239 | MO1UC470205 | Home Entitlement | HUD | 153,698 |
| 14.239 | M95-UC-47-0205 | Home Entitlement | HUD | 38,146 |
| | | Total home invest. partnerships program | | <u>693,724</u> |
| 14.243 | Y-02-IM-TN-0097 | Youth Build Program | HUD | 199,863 |
| 14.900 | TNLHB0244-03 | Lead Based Paint | HUD | 1,138,929 |
| 14.900 | 23372 | City Lead Grant Program | City of Memphis Housing & Comm. Svcs. | 137,887 |
| 14.900 | TNLHB0342-06 | Lead-Based Paint Reduction | HUD | 213,871 |
| | | Total lead base paint hazard control prog | | <u>1,490,687</u> |
| 15.809 | 06ERAG0034 | Resolution Imagery Program | U.S. Department of the Interior - US Geological Survey | 50,000 |

See accompanying notes to schedule of expenditures of federal and state awards.

SHELBY COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2007

| CFDA | Contract Number | Program Name | Grantor or Pass-Through Agency | Federal Expenditures Incurred |
|--------|------------------|--|---|-------------------------------------|
| 16.523 | GG-07-12615-00 | Juvenile Accountability Block Grant | TN Commission on Children & Youth | \$ 90,250 |
| 16.523 | GG-06-12119-00 | Juvenile Accountability Block Grant | TN Commission on Children & Youth | 58,869 |
| 16.523 | GG-07-12752-00 | Juvenile Accountability Block Grant | TN Commission on Children & Youth | <u>164,931</u> |
| | | Total juvenile accountability incentive block grant program | | 314,050 |
| 16.527 | 2006-CW-AX-0027 | Safe Exchange Program | Department of Justice Office of Violence Against Women | 70,259 |
| 16.540 | GG-06-12209-00 | REACHH | TN Commission on Children & Youth | 9,734 |
| 16.540 | CFFG-38-06 | REACHH | TN Commission on Children & Youth | 13,388 |
| 16.540 | 90FR0095/01 | REACHH | TN Commission on Children & Youth | 113,102 |
| 16.540 | 90FR0067-01 | REACHH | TN Commission on Children & Youth | <u>115,627</u> |
| | | Total juvenile prevention program | | 251,851 |
| 16.542 | 2005-JL-FX-0131 | Student Conflict Resolution | Office of Juvenile Justice and Delinquency Prevention | 31,539 |
| 16.575 | 2002-VF-GX-K015 | Bilingual Victim Advocate | Office of Criminal Justice Programs | 43,252 |
| 16.575 | Z00099343-01 | Victims of Crime Act | Office of Criminal Justice Programs | 151,678 |
| 16.575 | Z00001401-01 | STOP | Office of Criminal Justice Programs | <u>58,478</u> |
| | | Total crime victim assist. program | | 253,408 |
| 16.579 | 06 01-01554W | TBI Electronic Fingerprint System | U.S. Department of Education | 33,000 |
| 16.579 | Z99088450-00 | Pre Trial Day Reporting Center | TN Office of Criminal Justice Programs | <u>98,034</u> |
| | | Total Byrne formula grant program | | 131,034 |
| 16.582 | 2004-WE-AX-0031 | Arrest Policies | U.S. Department of Justice Office for Victims of Crime | 159,159 |
| 16.582 | 2004-WE-AX-0031 | Arrest Policies | U.S. Department of Justice Office for Victims of Crime | 137,090 |
| 16.582 | 2002-VF-GX-XK015 | Linking Neighborhoods | U.S. Department of Justice Office for Victims of Crime | 6,197 |
| 16.582 | 2002-VF-GX-XK015 | Linking Neighborhoods | U.S. Department of Justice Office for Victims of Crime | <u>25,716</u> |
| | | Total crime victim/assistance/ discretionary grant | | 328,162 |
| 16.592 | 2006-DJ-BX-0730 | Edward Byrne Justice Assistance Grant | U.S. D.O.J. Bureau of Justice Assistance | 620,090 |
| 16.607 | | Bulletproof Vest Program | U.S. D.O.J. Bureau of Justice Assistance | 31,056 |
| 16.607 | | Bulletproof Vest Program | U.S. D.O.J. Bureau of Justice Assistance | <u>74,287</u> |
| | | Total bulletproof vest program | | 105,343 |

See accompanying notes to schedule of expenditures of federal and state awards.

SHELBY COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2007

| CFDA | Contract Number | Program Name | Grantor or Pass-Through Agency | Federal Expenditures Incurred |
|--------|------------------|---------------------------------------|---|-------------------------------------|
| 16.609 | 2003-GP-CX-0515 | PSN Programs Attorney General | U.S. D.O.J. Bureau of Justice Assistance | \$ 143,738 |
| 16.609 | 2004-GPCX-0704 | PSN Programs Attorney General | U.S. D.O.J. Bureau of Justice Assistance | 36,730 |
| 16.609 | 2006-GP-CX-0043 | PSN Programs Attorney General | U.S. D.O.J. Bureau of Justice Assistance | 10,845 |
| | | | Total project safe neighborhood program | <u>191,313</u> |
| 16.710 | 2004SHWX0182 | Cops in Schools 2004 | U.S. Department of Justice | 166,957 |
| 16.738 | 2005DJBX1160 | Edward Byrne Justice Assistance Grant | U.S. D.O.J. Bureau of Justice Assistance | 154,033 |
| 16.744 | 2006-PG-BX-0088 | Anti-Gang Initiative | U.S. D.O.J. Bureau of Justice Assistance | 84,090 |
| 17.258 | 23058 | New-Recruit Training | Workforce Investment Network | 81,377 |
| 20.205 | Z-06-030936-00 | Memphis Metropolitan Planning | TN Department of Transportation | 223,571 |
| 20.205 | Z-07-036299-00 | Economic Impact Study | TN Department of Transportation | 973,004 |
| 20.205 | 76008-0700410 | Transportation Planning | TN Department of Transportation | 7,789 |
| 20.205 | CM-STP-3265(81) | CMAQ Rideshare | TN Department of Transportation | 324,454 |
| 20.205 | CM-STP-9409(69) | CMAQ Rideshare | TN Department of Transportation | 26,593 |
| 20.205 | CM-STP-9409 (89) | CMAQ Rideshare | TN Department of Transportation | 80,808 |
| 20.205 | CM-NHE-7900-28 | CMAQ Intersection Improvements | TN Department of Transportation | 846,702 |
| 20.205 | 79-5303-S3-004 | FTA | TN Department of Transportation | 10,788 |
| 20.205 | STP-EN-7900(32) | TDOT | TN Department of Transportation | 1,407,711 |
| | | | Total hwy. planning and construct. program | <u>3,901,420</u> |
| 20.505 | MS-80-X008 | MDOT Section 8 | MS Department of Transportation | 11,584 |
| 20.600 | PT-06-08 | Police Traffic Services | TN Department of Transportation | 32,666 |
| 20.601 | J8-07-04 | Youth Alcohol Traffic Safety Program | TN Department of Transportation - Governor's Highway Safety Office | 75,730 |
| 20.601 | K4-07-281 | Network Coordinator Grant Program | TN Department of Transportation - Governor's Highway Safety Office | 13,445 |
| 20.601 | PT-07-27 | Police Traffic Services Program | TN Department of Transportation - Governor's Highway Safety Office | 115,184 |
| | | | Total alcohol traffic safety program | <u>204,359</u> |
| 20.605 | IN5-06-16 | Domestic & Date Violence | TN Governor's Highway Safety Office | 4,999 |
| 20.605 | J8-06-03 | Youth DUI Grant | TN Governor's Highway Safety Office | 55,061 |
| | | | Total traffic enforcement program | <u>60,060</u> |
| 66.001 | AO0408206 | Air Pollution | Environmental Protection Agency | 357,571 |
| 66.001 | A-00408207-1 | Air Pollution | Environmental Protection Agency | 1,269,123 |
| | | | Total air pollution control program | <u>1,626,694</u> |

See accompanying notes to schedule of expenditures of federal and state awards.

SHELBY COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2007

| CFDA | Contract Number | Program Name | Grantor or Pass-Through Agency | Federal Expenditures Incurred |
|---------|-----------------|--|--|-------------------------------------|
| 66.034 | PM-97475903 | Special Air Pollution Section 103 | Environmental Protection Agency | \$ 157,236 |
| 66.034 | PM-964377-05-1 | Special Air Pollution Section 103 | Environmental Protection Agency | 74,628 |
| | | Total special air pollution program | | <u>231,864</u> |
| 81.042 | Z-05-021680-05 | Weatherization | Department of Human Services | 665,978 |
| 83.524 | N14502/CA013024 | Biological Response | TN Department of Health and Human Services | 21,597 |
| 84.184 | Q184L050266 | Safe Schools/Healthy Students | TN Department of Education | 13,181 |
| 84.184 | Q184L050266 | Safe Schools/Healthy Students | TN Department of Education | 39,350 |
| | | Total safe & drug-free schools program | | <u>52,531</u> |
| 84.255A | Q255A030048 | Women in Community Service | TN Department of Education | 100,455 |
| 84.255A | Q255A030048 | Women in Community Service | TN Department of Education | 299,160 |
| | | Total women in community service | | <u>399,615</u> |
| 90.201 | TN-3052 | Brunswick Sewer Project | Delta Regional Authority | 3,925 |
| 93.041 | GG-02-09316-00 | Aging Program -Elder Abuse | TN Commission on Aging | 32,200 |
| 93.042 | GG-02-09316-00 | Aging Program - Family Caregiver | TN Commission on Aging | 586,180 |
| 93.042 | GG-02-09316-00 | Aging Program - Ombudsman Services | TN Commission on Aging | 47,200 |
| | | Total aging program title VII | | <u>633,380</u> |
| 93.043 | GG-02-09316-00 | SHIP I&A | TN Commission on Aging | 257,596 |
| 93.043 | GG-02-09316-00 | Aging Program - Preventive Health | TN Commission on Aging | 67,600 |
| | | Total aging program title III part D | | <u>325,196</u> |
| 93.044 | GG607170600 | Aging Program - Supportive Services | TN Commission on Aging | 1,663,063 |
| 93.045 | GG607170600 | Aging Program - Nutrition Services | TN Commission on Aging | 704,700 |
| 93.045 | GG-02-09316-00 | Aging Program - NSIP | TN Commission on Aging | 536,900 |
| | | Total aging program title III part C | | <u>1,241,600</u> |
| 93.053 | GG-02-09316-00 | Aging Program - NSIP | TN Commission on Aging | 300,400 |
| 93.116 | GG-07-12737-00 | TB Outreach | Department of Health | 1,503,574 |
| 93.197 | GG-06-11910-01 | CDC Lead Grant - Childhood Poisoning | Department of Health & Human Services | 178,520 |

See accompanying notes to schedule of expenditures of federal and state awards.

SHELBY COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2007

| CFDA | Contract Number | Program Name | Grantor or Pass-Through Agency | Federal Expenditures Incurred |
|--------|------------------|---------------------------------|--|-------------------------------------|
| 93.243 | 4H79SM55058-03-3 | SAMHSA Co-Occurrence | Department of Health and Human Services - Substance Abuse & Mental Health Svcs. | \$ 222,036 |
| 93.243 | 6H79TI16384-02-1 | SAMHSA Co-Occurrence | Department of Health and Human Services - Substance Abuse & Mental Health Svcs. | 120,933 |
| 93.243 | 6H79TI16384-02-1 | SAMHSA Co-Occurrence | Department of Health and Human Services - Substance Abuse & Mental Health Svcs. | 253,652 |
| | | | Total substance abuse and mental health services programs | 596,621 |
| 93.268 | GG-05-11097-01 | WIC Immunization | Department of Health | 69,151 |
| 93.268 | GG-07-21311-00 | WIC Immunization | Department of Health | 63,050 |
| 93.268 | GG-06-12157-00 | Immunization | Department of Health | 210,113 |
| 93.268 | GG-06-12157-00 | Immunization | Department of Health | 214,950 |
| | | | Total immunization program | 557,264 |
| 93.283 | GG-06-11915-00 | Central Lab/Bio Terrorism | TN Department of Health | 479 |
| 93.283 | GG-07-12531-00 | Central Lab/Bio Terrorism | TN Department of Health | 98,173 |
| 93.283 | GG-07-21366-00 | Pandemic Influenza Preparedness | TN Department of Health | 22,747 |
| 93.283 | GG-07-12539-00 | Tobacco Risk | TN Department of Health | 80,253 |
| 93.283 | GG-06-12168-01 | Homeland Security Bioterrorism | Department of Health | 223,201 |
| 93.283 | GG-07-12997-00 | Homeland Security Bioterrorism | Department of Health | 571,716 |
| 93.283 | GG-07-12540-00 | Breast and Cervical Cancer | Department of Health | 62,113 |
| | | | Total CDC - investigations and technical assistance program | 1,058,682 |
| 93.563 | GG-07-12365-00 | Child Support Enforcement | Department of Human Services | 11,390,084 |
| 93.568 | Z-05-021704-05 | LIHEAP | Department of Human Services | 7,311,465 |
| 93.568 | Z-05-021680-05 | LIHEAP | Department of Human Services | 411,258 |
| | | | Total LIHEAP program | 7,722,723 |
| 93.569 | Z-05-020698-02 | Community Services Block Grant | Department of Health & Human Services | 2,350,929 |
| 93.600 | 04CH3447-39 | Head Start | Department of Health & Human Services | 11,238,976 |
| 93.600 | 04CH3447 | Head Start | Department of Health & Human Services | 9,287,341 |
| | | | Total Head Start program | 20,526,317 |
| 93.667 | CA061521 | CSA-Special Funding | Department of Human Services | 15,000 |
| 93.667 | Z-05-020698-02 | Operation Warm Homes | Department of Human Services | 4,125 |
| | | | Total social services program | 19,125 |
| 93.778 | GG-007-12764-00 | Infant Mortality Campaign | TN Department of Finance and Admin. - Bureau of TennCare | 33,267 |

See accompanying notes to schedule of expenditures of federal and state awards.

SHELBY COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2007

| CFDA | Contract Number | Program Name | Grantor or Pass-Through Agency | Federal Expenditures Incurred |
|--------|--------------------|--|--|-------------------------------------|
| 93.914 | 1 H89HA07940-01-00 | HIV Emergency Relief Project | Department of Health & Human Services | \$ 138,751 |
| 93.917 | GG-06-12259-00 | HIV Case Management | Department of Health | 164,602 |
| 93.917 | GG-06-12259-00 | HIV Case Management | Department of Health | 53,893 |
| | | Total HIV care formula | | <u>218,495</u> |
| 93.926 | 2H49MC00036-05 | Healthy Start Initiative | Department of Health and Human Services - Material & Child Bureau | 42,417 |
| 93.926 | 2H49MC00036-05 | Healthy Start Initiative | Department of Health and Human Services - Material & Child Bureau | 548,552 |
| 93.926 | 2H49MC00036-05 | Healthy Start Initiative | Department of Health and Human Services - Material & Child Bureau | 27,555 |
| | | Total healthy start initiative program | | <u>618,524</u> |
| 93.977 | Z-07-038101-00 | HIV Prevention | TN Department of Health | 838,593 |
| 93.958 | 66-02-09210-00 | Mentally Ill Inmate Services | TN Office of Criminal Justice Programs | 100,779 |
| 93.959 | GG-06-12340-00 | Prevention Initiative for Children | TN Department of Health | 280,036 |
| 93.959 | GG-07-12566-00 | Prevention Initiative for Children | TN Department of Health | 887,726 |
| | | Total substance abuse treatment | | <u>1,167,762</u> |
| 93.977 | Z-06-031124-00 | HIV | Department of Health | 982,825 |
| 93.991 | GG-06-11911-00 | Health Risk Reduction | TN Department of Health | 4,648 |
| 93.991 | GG-07-12359-00 | Health Risk Reduction | TN Department of Health | 102,741 |
| 93.991 | Z00001448-01 | Community Prevention Initiative | TN Department of Health | 72,272 |
| | | Total preventive health services | | <u>179,661</u> |
| 93.994 | GG-07-12541-00 | HUGS - Help Us Grow Successfully | TN Department of Health | 177,883 |
| 93.994 | CA070488 | MMRS Program | City of Memphis | 23,777 |
| 93.994 | GG-07-12536-00 | Family Planning | Department of Health & Human Services | 1,013,545 |
| 93.994 | GG-07-12715-00 | Toll Free Babies Hotline | TN Department of Health | 20,100 |
| 93.994 | GG-06-11978-00 | Children's Special Services | Department of Health & Human Services | 209 |
| 93.994 | GG-06-11978-00 | Children's Special Services | Department of Health & Human Services | 475,393 |
| 93.994 | GR-07-12601-00 | Care Coordination | TN Department of Health | 390,032 |
| | | Total children's health services | | <u>2,100,939</u> |

See accompanying notes to schedule of expenditures of federal and state awards.

SHELBY COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2007

| CFDA | Contract Number | Program Name | Grantor or Pass-Through Agency | Federal Expenditures Incurred |
|--------|-------------------|---|--|-------------------------------------|
| 94.002 | 05SRSTN001 | Retired and Senior Volunteer Program | Corporation for National Community Service | \$ 45,078 |
| 97.004 | Z-04-020192-00 | FY 2003 Part II Planning/Admin | Department of Homeland Security | 9,277 |
| 97.004 | Z-04-020145-00 | First Responders for WMD | Department of Homeland Security | 467,722 |
| 97.004 | Z-04-022523-00 | Domestic Preparedness | Department of Homeland Security | 237,902 |
| 97.004 | Z-03-017800 | CBRNE Search & Rescue | Department of Homeland Security | (254) |
| 97.004 | GG-07-20953-08 | Responder Preparedness | Department of Homeland Security | 6,860 |
| 97.004 | GG-04-12970-01 | FY04 Office of Domestic Preparedness | Department of Homeland Security | 662,879 |
| | | Total domestic preparedness | | <u>1,384,386</u> |
| 97.006 | Z-04-019759-00 | CBRNE Drills | Department of Homeland Security | 69,221 |
| 97.008 | GG-05-11505-02 | FY2003 UASI Training | Department of Homeland Security | 21,222 |
| 97.008 | GG-06-12933-01 | 2004 UASI | Department of Homeland Security | 3,971,638 |
| 97.008 | GG-05-11548-00 | FY2003 UASI Equipment | Department of Homeland Security | (2,109) |
| | | Total UASI program | | <u>3,990,751</u> |
| 97.036 | Z-06-030973-00 | Disaster Assistance - Hurricane Katrina | Department of Homeland Security | 17,956 |
| 97.044 | EMW-2004-FG-12980 | Fire Grant | Department of Homeland Security | 566,680 |
| 97.067 | Z-05-025208-01 | Domestic Preparedness | Department of Homeland Security | 694,329 |
| 97.071 | CA060488 | MMRS Program | City of Memphis | 859 |
| 97.078 | Z-05-031016-00 | Buffer Zone Protection Program | Department of Homeland Security | 149,988 |
| 97.078 | Z-05-031017-00 | Buffer Zone Protection Program | Department of Homeland Security | 449,405 |
| | | Total BZPP program | | <u>599,393</u> |
| | | Total federal awards | | <u>83,089,643</u> |

See accompanying notes to schedule of expenditures of federal and state awards.

SHELBY COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2007

| Contract Number | Program Name | Grantor Agency | State Expenditures Incurred |
|-------------------|--|---|-----------------------------|
| Z0502042800 | Court Appointed Special Advocates | TN Commission on Childrem & Youth | \$ 9,000 |
| GU-07-3456 | Juvenile Off. Residential Care & Treatment | TN Department of Children's Services | 6,633,902 |
| GG-0612010-00 | State IVD - Juvenile Court Clerk | TN Department of Human Services | 539,422 |
| 06-009 | Safe Haven Grant | The Assisi Foundation | 27,604 |
| GG-06-11973-00 | Tendercare Outreach | TN Department of Health | 4,103 |
| GG-07-12767-00 | Tendercare Outreach | TN Department of Health | 845,077 |
| | Juvenile Court GPS Grant | TN Department of Finance & Admin. - OCJP | 6,595 |
| CDC-MSCHD | | | |
| Task 9-10-05-2006 | Lead Poisoning Prevention | TKC Integration Services, LLC | 45,197 |
| Z06029156-00 | Congestion Management | TN Department of Transportation | 11,000 |
| | Girls Jumping in Memphis | General Mills Foundation | 3,964 |
| GG-041006 | Pandemic Influenza Preparedness | TN Department of Health | 19,753 |
| | City Courts Child Safety Seats | City of Memphis - City Court | 176,975 |
| | Sheriff on the Job Training | City of Memphis/Consortium of Loc Govts & WIN | 140,125 |
| 22807 | SCCSA Out of School Youth Program | City of Memphis/Consortium of Loc Govts & WIN | 74,949 |
| | Prisoner Re-entry Initiative | TN Department of Agriculture | 19,121 |
| | Early Prognosis Screening and Diagnostic Testing | TN Department of Health | 30 |
| | Early Prognosis Screening and Diagnostic Testing | TN Department of Health | 1,210,468 |
| GG-07-12537-00 | TennCare Dental Program | TN Department of Health | 1,522,070 |
| | United Way HIV Nutrition | United Way of Mid South | 49,500 |
| Z06027495-00 | West TN Drug & Violent Crime Task Force | TN Office of Criminal Justice Programs | 391,382 |
| 2006-EW-AX-K010 | COMPASS Training Grant | COMPASS Coordination Inc. | 1,467 |
| GG-06-11911-00 | Health Planning | TN Department of Health and Human Services | 4,913 |
| GG-07-12539-00 | Health Planning | TN Department of Health and Human Services | 218,411 |
| GU-07-03380-00 | Families First Health Planning | TN Department of Health | 420,000 |
| CG-02-09316-00 | Aging Program State HCBS | TN Commission on Aging | 1,029,708 |
| CG-02-09316-00 | Aging Program State Senior Centers | TN Commission on Aging | 132,105 |
| CG-02-09316-00 | Aging Program State Waivers | TN Commission on Aging | 274,021 |
| CG-02-09316-00 | Aging Program State Waivers | TN Commission on Aging | 199,710 |
| CG-02-09316-00 | Aging Program State Waivers | TN Commission on Aging | 92,100 |
| CG-02-09316-00 | Aging Program State Waivers | TN Commission on Aging | 51,000 |
| Z01098977-02 | Electronic Fingerprinting Imaging System | TN Office of Criminal Justice Programs | 20,000 |
| | Down Payment Assistance Program | TN Housing Development Agency | 56,031 |
| | Down Payment Assistance Program | TN Housing Development Agency | 173,182 |
| | Shelby County Drug Court | City of Memphis Police Department | 175,000 |
| Z07-033847-00 | TDOT Roadside Litter Grant | TN Highway Beautification Office | 208,173 |
| CA053261 | Methodist Youth Care HIV Program | Meth-LeBonheur Healthcare Foundation | 21,184 |
| CA053261 | Methodist Youth Care HIV Program | Meth-LeBonheur Healthcare Foundation | 20,334 |
| | Cops-Secure Our Schools | U.S. Department of Justice | 19,790 |
| | CSA-Special Funding World Overcomers | Religious Organizations | 11,140 |
| Z-03-011369-00 | Tire Recycling | TN Department of Environment & Conservation | 587,649 |
| GG-07-12743-00 | Household Hazardous Waste Facility | TN Department of Environment & Conservation | 49,289 |
| GG-07-12619-00 | Grant-in-Aid | TN Department of Health | 917,800 |
| | City Schools Nursing | City Board of Education | 190,231 |
| | Public Guardianship | TN Commission on Aging | 24,134 |

See accompanying notes to schedule of expenditures of federal and state awards.

SHELBY COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2007

| Contract Number | Program Name | Grantor Agency | State Expenditures Incurred |
|------------------------|--|---|-----------------------------------|
| Z05025510-00 06-051 | County Schools Nursing | County Board of Education | \$ 1,104,447 |
| | FM Global | FM Global Foundation | 2,447 |
| | Shelby County Residential Drug Court Project | TN Office of Criminal Justice Programs | 447,327 |
| | Domestic Violence Salon Initiative | The Assisi Foundation of Memphis, Inc. | 39,817 |
| | Chickasaw Basin Authority Operations | State of Tennessee | 54,655 |
| | DUI Offenders | TN Dept of Corrections | 225,000 |
| | At-Risk Youth | City Board of Education | 149,532 |
| | Industrial Development Board | Industrial Development Board | 394,385 |
| | Industrial Development Board | Industrial Development Board | 293,190 |
| | Arts and Culture Programs | TN Arts Commission | 5,000 |
| | Integrated Delivery System | Health Loop - The Regional Medical Center | <u>3,076,468</u> |
| | | Total state awards | <u>22,419,877</u> |
| | | Total federal and state awards | <u>\$ 105,509,520</u> |

See accompanying notes to schedule of expenditures of federal and state awards.

SHELBY COUNTY, TENNESSEE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

June 30, 2007

NOTE 1 – BASIS OF PRESENTATION

The schedule of expenditures of federal and state awards includes the transactions related to the receipt of federal funds by Shelby County, Tennessee (the “County”). The Shelby County Board of Education, a component unit of the County, issues a separate financial report under OMB Circular A-133 and is not included in this schedule.

The schedule of expenditures of federal and state awards is presented on the modified accrual basis of accounting, consistent with accounting for governmental type funds. Under this basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”), which is generally when the allowable program expenditures are incurred. Expenditures and transfers out are recorded when the related program liability is incurred, except for certain compensated absences.

NOTE 2 – RECONCILIATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS TO THE FINANCIAL STATEMENTS

The following is a reconciliation of expenditures per the schedule of expenditures of federal and state awards to the expenditure balances in the grant fund, per the County’s financial statements:

| | |
|---|-----------------------------|
| Totals per schedule of expenditures | \$ 105,509,520 |
| Less: Transfers to other funds | (4,731,315) |
| Less: Expenditures shown in capital projects fund | (1,407,744) |
| Total grant fund expenditures | <u><u>\$ 99,370,461</u></u> |

SHELBY COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Shelby County, Tennessee.
2. No reportable conditions or material weaknesses were reported during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Shelby County, Tennessee were disclosed during the audit.
4. No reportable conditions or material weaknesses were reported during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for Shelby County, Tennessee expresses an unqualified opinion on all major federal programs.
6. The audit did not disclose any audit findings related to major programs that are required to be reported under OMB Circular A-133.
7. The programs tested as major programs included:
 - 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
 - 20.205 - Highway Planning and Construction
 - 93.044/93.045/93.053 - Aging Cluster
 - 93.563 - Child Support Enforcement
 - 93.568 - Low-Income Home Energy Assistance (LIHEAP)
8. The threshold for distinguishing Types A and B programs was \$2,409,738.
9. Shelby County, Tennessee was determined to be a low risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None reported

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None reported

SHELBY COUNTY, TENNESSEE
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2007

No prior year audit findings were reported.